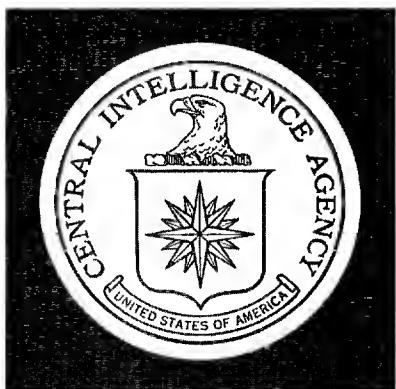


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State Department review completed

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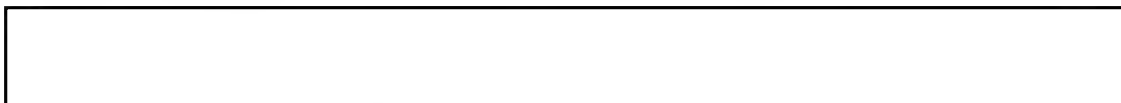
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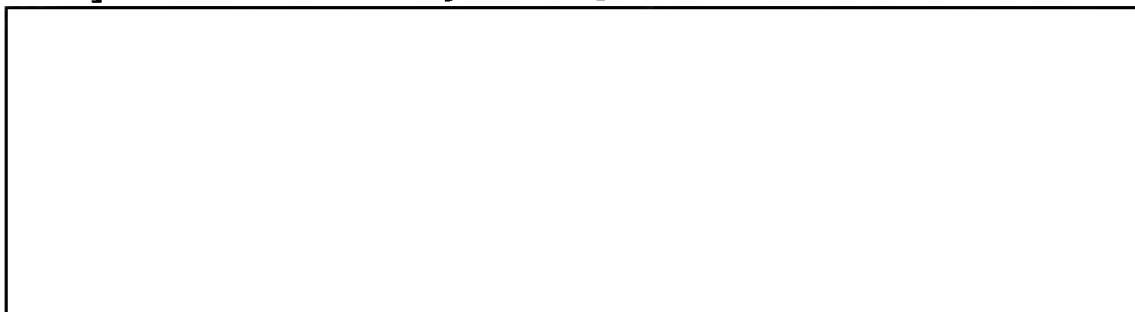
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North Vietnam: With the beginning of the dry season in the Laos panhandle, the number of trucks traveling over the Mu Gia Pass has begun to increase and the Communists have stepped up repair work on the roads.

During the first two-and-a-half weeks of October, about 16 trucks were noted going through Mu Gia each day, compared with 13 trucks per day during the summer rainy season. Recent photography has shown bulldozers being used to widen and straighten sections of road. Many roads are getting new gravel or corduroy surfaces, water crossings are being improved, and new bridges and bypasses are being constructed around bombed choke points.

\* \* \* \*

The North Vietnamese are continuing their vigorous program to improve their air defenses during the bombing restriction.

Photography of 20 October shows that the Communists are building a new airfield southwest of Hanoi, near Xuan Mai. About one quarter of the 7,400-foot runway is already graded. Fighter aircraft operating from the completed field will strengthen Hanoi's southwestern perimeter and protect the big military complex at Xuan Mai. [REDACTED]

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Czechoslovakia-USSR: Dubcek and his colleagues are plagued by new problems as the 50th anniversary of the first republic approaches.

They fear that student demonstrations on 28 October will invite reprisals by the occupation forces. The leaders in Prague reportedly have banned all hostile demonstrations and have visited schools to caution students against clashes with pro-Soviet groups who intend to parade in the streets. National Assembly President Smrkovsky has flatly told a student gathering that "if you demonstrate, we all might be sorry." Czechoslovak youth have thus far remained loyal to Dubcek, but they could be taunted by the opposition into riots.

The Dubcek leadership, meanwhile, has made additional concessions to the Soviets. In the first major retreat from the economic reform program, the Czechoslovaks have abandoned their experimental "Workers Councils"--an attempt to stimulate production by giving the workers a greater role in the management of industrial enterprises. In addition, Prague will eschew reforms and retain in the educational system many of the features patterned after the Soviet model which the present leadership had hoped to drop. [REDACTED]

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USSR-Belgium: Moscow apparently has made an attempt to reassert discipline in the Belgian Communist Party following the party's condemnation of the invasion of Czechoslovakia.



Moscow probably felt that it was time to remind the Belgian party of its dependence on the USSR and to rally pro-Soviet members prior to the Belgian party congress on 15-17 November. The Soviets probably also hoped to persuade the Belgians to modify their stand on Czechoslovakia.

Even though Belgian party leaders were unanimous in publicly denouncing the invasion, there was opposition in the Belgian central committee and even more in local federations. There is now a struggle between an idealistic, nationalistic faction and a group of stalwarts reluctant to offend Moscow.

The Belgian party, never an important force in its country's politics, has suffered a recent decline in membership. It won only 3.2 percent of the vote in the election last spring, and had little success in launching an anti-NATO campaign. In addition, the party is split between Moscow and Peking adherents. The pro-Chinese faction is further split into a proliferation of miniscule groups.



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South Asia - USSR - Communist China: Both India and Pakistan are embarking on another round of exploratory negotiations with Communist military aid suppliers.

Indian Defense Minister Singh is heading a military delegation which arrived in Moscow on 24 October for a week of discussions. Despite assurances to US officials in New Delhi that Singh is not carrying a detailed shopping list, he probably will renew India's request for medium-range bombers and for more naval equipment. He may also request additional aid in developing defense industries. The Indians will almost certainly bring up Soviet arms sales to Pakistan, a matter of great concern to them.

The Soviets have agreed to provide some military equipment to Pakistan. The Pakistanis, however, are still interested in maintaining their options with Communist China, which has been Pakistan's principal source of military equipment since 1965. Pakistan's Army commander in chief is scheduled to lead a military delegation to China early in November. The delegation is expected to negotiate for spare parts for MIG-19 jet fighters and medium tanks, both previously supplied by China, and may also seek additional weapons.

[REDACTED]

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Panama: Influential business leaders are withholding cooperation from the junta in hopes of forcing a greater civilian role in the government.

Junta representatives have repeatedly asked the business and professional community for support, but most business leaders reportedly want to remain aloof until they can exact a firm commitment from the military to return control to civilians.

In an apparent effort to offset opposition, Colonel Urrutia, a member of the two-man junta that nominally heads the government, retired from the national guard on 23 October. Since his colleague, President Pinilla, had already retired from the guard under the Arias administration, the junta can now claim that the government is "civilianized." Nevertheless, Colonel Torrijos and the clique of guard officers who precipitated the coup on 11 October are still the real powers.

Antimilitary sentiment, which has a long history in Panama, is widespread, and some observers believe that the military government may be moving in a more repressive and arbitrary direction. [REDACTED]

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Arab States - Israel: Border incidents and exchanges of fire continue to occur at frequent intervals along the Arab-Israeli borders.

The Israeli-Jordanian border is the hottest sector, with fire fights occurring there at the rate of two or three a day. Clashes on the Israeli-Syrian border occur less often; there have been two short fire fights in the past week. There has been only one exchange on the Israeli-Lebanese border but the terrorists would like to make greater use of this border in the future.

Egyptian-Israeli tensions, resulting from cross-canal ambushes of Israeli troops and mutual artillery duels in late August and early September, have lessened, although there are almost daily exchanges of small-arms fire across the canal. An aerial encounter between three Egyptian MIG-21s and three Israeli Mirage jets took place on 23 October over the Ismailia area of the canal. Air-to-air missiles were used by both sides, apparently with no hits. Egyptian claims of having shot down three Israeli jets are denied by Israel, and UN truce observers said that there did not appear to have been any losses.

None of the combatants has sustained any large number of casualties recently. Defense Minister Dayan stated on 16 October, however, that since the end of the 1967 six-day war, Israel had suffered losses of 233 killed and 873 wounded from border incidents and terrorist actions.

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France-Italy: Paris has now reportedly approved an agreement reached between the French auto firm Citroen and Italy's Fiat.

[redacted] the agreement permits each firm to invest an equal amount of money--approximately \$33 million--in the other's company. Citroen, badly in debt, has no money available now to buy into Fiat; the agreement gives the French company a five-year option to purchase shares. Even if Citroen could eventually invest the entire amount permitted, it would end up with only a two percent share in Fiat. Fiat, on the other hand, will be permitted to buy enough shares to give it control of about 18 percent of Citroen.

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The French Government rejected an earlier accord between the two companies because too great a share of Citroen would have passed into Fiat's hands, thus endangering national control of the second largest auto firm in France. The government's rejection drew heavy attack from advocates of closer European financial and industrial cooperation, who argued that European firms must amalgamate in order to compete with US industrial giants.

The move reflects Fiat chief Agnelli's interest in following the American pattern of greater diversification of automobile models and larger business units. The new agreement also could give Citroen the large new source of capital it needs to finance long-term expansion, as well as access to a foreign dealer network to improve its presently poor export position. [redacted]

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Thailand: Officially sanctioned political activity in preparation for the upcoming legislative elections is now under way.

Following promulgation of the Political Parties Act in mid-October, the government party registered Thursday as the United Thai People's Party, thus ending Thailand's ten-year ban on organized politics. The government's major opposition, the Democratic Party, is expected to register soon, with others to follow.

Government draftsmen carefully tailored the new act to prevent a proliferation of splinter parties, and it gives the Interior Ministry wide discretionary powers to suppress "extremist" political views of approved parties. The legislation appears, however, to allow considerable latitude for criticism in connection with local issues.

The Thanom government is carefully nurturing its "liberal" image and will probably be reluctant to cut off debate on major issues. Government foreign policy, for instance, has recently come under attack in the press, and members of the government-appointed upper house have voiced criticism of the regime's political restrictions.

With elections for the lower house only four months off, government party leaders have yet to come up with a coherent campaign strategy. They may be closer, however, to resolving the factional differences that have plagued them. During a "party unity" function last month, key leaders, including Deputy Prime Minister Praphat, who heads the strongest faction, professed determination to pull together under Prime Minister Thanom's leadership.

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25X1      West Germany - East Germany: Chancellor Kiesinger [redacted] remains opposed to contacts with high-level East German officials, unless there is pending an improvement in the political climate. Prior to Czechoslovakia, Bonn was considering East German proposals for contacts to discuss trade and certain technical matters. Although Kiesinger is under pressure to revive this scheme, he presumably wants some indication of the over-all East German attitude. For this reason, he is likely to hold off at least until Bonn can assess Pankow's reaction to several West German activities scheduled for West Berlin in the next three weeks.

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Syria: Friction among the leaders of the Syrian Baathist government apparently reached a new peak of abrasiveness during the recent party congress in Damascus. A number of intraparty squabbles has arisen over such questions as Baathist ties with the Syrian Communist Party and Syrian relations with the Soviet Union. The team lineups are obscure, but it seems likely that some realignment of the radical leadership, possibly involving armed conflict, will take place in the near future. [REDACTED]

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Philippines-Malaysia: Malaysia's withdrawal of diplomatic immunity from the Philippine Embassy staff in Kuala Lumpur has further strained relations between the two governments. Kuala Lumpur has already called home most of its diplomatic staff from Manila and plans to withdraw the remainder shortly. Malaysia suspended relations on 18 September following President Marcos' signature of a bill referring to Philippine sovereignty over Sabah. [REDACTED]

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Bolivia: Opposition congressmen in La Paz have protested the existence of a US communications facility in Bolivia, which they have termed "little Guantanamo." They have called the authorizing agreement, which was signed in 1962, an unconstitutional cession of territory and are urging its review or abrogation. The Congress may not take any action before it adjourns in December, but the issue can be expected to come up again. [REDACTED]

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